

**West Palm Beach Police Pension Fund
2100 North Florida Mango Road
West Palm Beach, Florida 33409**

Minutes

**May 23, 2016
11:00 AM**

CALL THE MEETING TO ORDER

Mr. Frost called to order the West Palm Beach Police Pension Fund Special Meeting on May 23, 2016 at 11:05 AM, in the main ballroom of the Ernest George Building of the Palm Beach County Police Benevolent Association.

Present at the meeting: Jonathan Frost, Board Chairman, Troy Marchese, Board Secretary, Joseph Ahern, Board Trustee and Craig Kahle, Board Trustee.

Also present: Mark Parks – City of West Palm Beach; Ernest George - Retired Member; Lou Penque - Active Member; John McCann, The Bogdahn Group; Chris DeMeo, Nu Paradigm Investment Partners; Bonni Jensen, Board Attorney, Klausner, Kaufman, Jensen & Levinson; Dave Williams, Plan Administrator.

PUBLIC COMMENT

No comments provided

APPROVAL OF DISTRIBUTIONS

Mr. Williams provided a detailed administrative report outlining distribution requests. At the conclusion of the presentation, Mr. Ahern made the motion to approve the foregoing which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0.

ADMINISTRATOR'S REPORT

Mr. Williams played a police memorial video that is posted on-line at www.wpbppf.com.

EDUCATIONAL PRESENTATION - Mr. Chris DeMeo FSA, CFA - Founding Partner of Nu Paradigm Investment Partners

Mr. Frost welcomed Mr. DeMeo and recapped the effort from the Board in terms of options investments.

Mr. DeMeo began his presentation on a tail-risk management investment strategy. Mr. Chris DeMeo outlined risk & return source for equities.

The Tail-risk management strategy advantages & disadvantages were detailed:

Advantage - Portfolio efficiency

- “Asymmetric Beta” to provide upside return to offset losses during tail events.
- Potential to enable more “Delta One”/equity like exposure.

Advantage - Source of funds during crisis

- Source of cash flow/investable assets.
- Coincides with “flight to quality” which drives up liability values.

Disadvantage - Cost

- “Insurance” premium paid during times of low volatility/up market.
- “Expensive” when viewed in isolation.

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Disadvantage - Potential complexity

- “Off the shelf” products are available.
- Often investors prefer a tailored approach which involves more work.

Passive investment were discussed to include the systematic exposure to desired volatility characteristics, passive (option writing) which was described as the most popular through benchmark strategies (BXM, BXY, PUT etc.), which tend to be more short volatility strategies.

Active investment was described as dynamically managed return opportunities and minimizes risk. Managers often combine option writing with an active element to these strategies. Typical approaches include “overlays” and “hedge fund” strategies.

The active risk overlay strategies goal is to achieve long-term investment policy returns while protecting portfolio downside. Key benefits: Attractive alternative to shifting to bonds in current low-yield environment. Allows investors to maintain or potentially increase equity allocation while managing downside risk. Enhances overall portfolio risk management. Environment still attractive to implement overlay despite recent volatility spike. Lower cost solution than “tactical” manager rebalancing.

Mr. Chris DeMeo provided the hedge fund tail-risk strategies summation:

- Tail Risk volatility-based strategies can increase overall portfolio efficiency by allowing an investor to continue to maintain their long-term return objective while providing extreme market downside protection.
- Investors who employ a tail risk strategy are willing to accept small losses (“insurance premium”) during periods of low volatility in exchange for the “insurance benefit” of significant upside potential during periods of heightening market volatility.
- Employing a tail risk strategy can allow for an increased equity/delta-one exposure to offset some or all of the tail risk “insurance premium”.
- When viewed as part of a diversified portfolio over a full market cycle, these strategies can provide significantly improved portfolio efficiency and deliver compelling downside protection.
- As seen below, the CBOE EurekaHedgeTail Risk Index provided strong returns during down markets over the seven year period as of 11/30/15.

Trustees asked “pro and con” questions Mr. DeMeo about the strategy. Cost and benefit was also weighed. Mr. DeMeo’s costs and client base was also reviewed.

At the conclusion, Mr. DeMeo was thanked by the Board for the thought provoking education presentation.

OPEN DISCUSSION

Nothing to report.

ADJOURNMENT

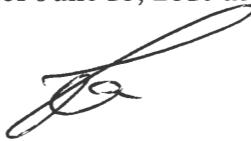
Being there was no other business; motion to adjourn by Mr. Marchese, which was seconded by Mr. Ahern. The meeting was adjourned at 1:05 PM.

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Next meeting is scheduled for June 10, 2016 at 8:30 AM

A handwritten signature in black ink, appearing to read 'Troy Marchese', written in a cursive style.

Troy Marchese, Board Secretary